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FOR DAVID MCFARLAND, WHA/CCA  
EUR/WE FOR STACIE ZERDECKI

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SUBJECT: SPAIN/CUBA: TITLE III OF LIBERTAD ACT

REF: A. STATE 126578

1B. MADRID 580

1C. 2007 MADRID 2188

Classified By: DCM Arnold A. Chacon, for reasons 1.4(b) and (d).

11. (U) The information in this message is keyed to questions posed in reftel A, paragraph 5 and updates information reported in reftels B and C.

12. (C) Has the host country, in Post's opinion, worked to promote the advancement of democracy and human rights in Cuba?

Spain played a leadership role in lifting EU sanctions and in re-starting the EU-Cuba dialogue on human rights, and subsequently claimed credit for what the GOS assessed to be successful talks and improved conditions in Cuba.

Of the four former prisoners of conscience who arrived in Spain for medical treatment in February 2008 (ref B and previous), three were granted Spanish residency and the fourth was granted political asylum. Pedro Pablo Alvarez Ramos lives and works in Barcelona and awaits fulfillment of the GOS promise to bring five of his seven family members from Miami to live in Spain. Omar Pernet, who participated in President Bush's prisoner of conscience event on the margins of the UNGA in September in New York, and Alejandro Gonzalez Raga are in Madrid as is the fourth, blogger Jose Gabriel Ramon Castillo, who was granted political asylum. Spain agreed in June 2008 to resettle up to 10 Cuban migrants from those currently protected at Guantanamo. To date, Post continues to work with PRM and EUR/WE to solidify terms of reference for the proposed resettlement.

Spanish opposition Partido Popular (PP) accused Foreign Minister Moratinos of playing the role of "Castro's Godfather in Europe" after Spain led the EU in lifting restrictive measures against Cuba in June 2008. During his Senate appearance on June 25, FM Moratinos defended the EU's action by praising economic and social reforms in Cuba, as well as the opening of political debate on the Island. Describing Raul Castro's agricultural reform and looser restrictions on internet use as "fundamental and revolutionary," Moratinos nonetheless reiterated the EU's demand that Cuba release all political prisoners and reminded the Senate that, while there were about 330 political prisoners in 2003, the number had decreased to 243 in 2008, a number he then said was "still too many." Foreign Minister Moratinos told the Spanish Senate on June 26 that the Vatican had encouraged other European countries to support the lifting of sanctions on Cuba, and that the Catholic Church had told the GOS that it considered the (Spanish) policy toward the Island to be the appropriate one (literally: *&adecuado*,<sup>8</sup> or adequate). The Minister noted that if the EU decided in a year "for any reason" to end the dialogue (with Cuba), the people who would be harmed were (the dissidents), not the more immovable sectors of the Island."

Confidential guidance for Spanish ambassadors leaked to the press following a September 8-11 chiefs of mission conference

stated that Spain did not see the recent lifting of EU sanctions on Cuba as compensation for Havana's recent &modest but irrelevant8 internal reforms, but rather as a way to establish a process of dialogue between the EU and Cuba. The dossier stressed that the lifting of the sanctions was not an end unto itself. Spanish daily El Tiempo added that the first EU-Cuban dialogue would take place in New York City on the margins of UNGA.

In terms of what the MFA expects Havana to have accomplished by the time the EU and Cuba meet to evaluate Havana's human rights progress, the MFA report states, &Obviously it is not realistic to think that the Cuban Government is going to free all of its political prisoners between now and June 2009.8

Spanish officials played a leadership role in formalizing the EU-Cuba political dialogue, including helping Cuban FM Perez Roque prepare for October 16 meetings in Brussels.

The Council of Ministers approved October 31 the "Historic Memory Law" granting Spanish nationality to the grandchildren of Spaniards who lost or forfeited Spanish nationality due to exile, and the legislation was close to implementation as of December 2008. Havana's Spanish Consul Pablo Barrios anticipates that the consulate will receive as many as 77,000 requests for citizenship a year in the first 3 years, which could result in as many as 120,000 Cubans receiving Spanish citizenship, according to press reports. Other Embassy contacts estimate that 100,000 persons in Cuba and Venezuela could have claim to Spanish citizenship under the law. The Spanish consulate in Havana reportedly will add to its current staff of 50 another 35 employees to address the workload.

¶3. (C) Has the host country made public statements or undertaken other governmental actions, such as resolutions in the national assemblies condemning human rights abuses in Cuba; or actions in support of civil society in Cuba through host country's diplomatic missions or other fora?

Career diplomat Manuel Cacho was appointed October 17 as Spain's Ambassador to Cuba. Cacho replaced the controversial Spanish Ambassador Carlos &Charlie8 Alonso Zaldivar, highly criticized by dissident groups and human rights activists in Spain. A lawyer who had served since May 2005 as the Spanish MFA's Director General for External Communications, Cacho served previously as Ambassador to Syria and Nigeria and as Consul General in Jerusalem.

In the lead up to the early November Iberoamerican Summit in San Salvador, MFA Secretary of State for Iberoamerican Affairs Trinidad Jimenez told left-of-center El Pais on October 31 that it was unreasonable to expect that Cuba, after 50 years of the Castro regime, could change in a few months. She said her goal continued to be renewed dialogue, with Cuban citizens as the protagonists.

¶4. (C) Have there been any high-level diplomatic visits between Cuba and the host country in the past six months?

The Cuban Minister of Commerce visited the Zaragoza Water Expo during "Cuba Day" on August 8.

Cuban Foreign Minister Perez Roque visited Spain the week of October 14; had an audience with King Juan Carlos I; and met with met with PSOE officials Jose Blanco, Leire Pajin and Elena Valenciano; VP Fernandez de la Vega; and FM Moratinos.

During a joint press conference, FM Moratinos announced that Spain would give Cuba 24.5 million euros to rebuild the areas affected by the hurricanes and that the GOS would consider Cuba's request to restructure Cuba's commercial debt. According to the media,

Cuba's debt to Spain amounts to 1.88 billion euros. The GOC has requested that Spain forgive half and renegotiate the other half. The GOS also offered Cuba a line of short-term credit of between 50-100 million euros. Secretary of State for International Cooperation Soraya Rodriguez traveled to Cuba on October 17 to assess the development assistance situation, and a Cuban delegation came to Spain the next week to meet with Ministry of the Economy officials regarding details of the debt and credit line. Moratinos also announced that Spanish and Cuban representatives would meet for the third time in Havana the second week of January 2009 to discuss and assess human rights in Cuba. FM Moratinos opined that the roadmap established by Spain and Cuba "moves forward satisfactorily." Shortly after FM Moratinos announced that President Zapatero had accepted Raul Castro's invitation to visit Cuba in 2009 and that the exact date would be determined through diplomatic channels. President Zapatero said, however, that he had not yet decided whether or not he would travel to Cuba. "The proposal is there; the project is there, and we will see at the right time if it is carried out and how it is carried out," the President said.

Spanish Secretary of State for Latin American Affairs Trinidad Jimenez told Spanish National Radio (RNE) on October 21 that, given the changes that have taken place in Cuba, she thought that a visit from the Spanish President would happen during the current Spanish Congress. Emphasizing that most Latin American Presidents and even former Spanish President Aznar have visited Cuba, Jimenez stated it was a matter of finding the right moment for such a visit. Further, on what she called the verge of a political dialogue between Havana and the European Union, Jimenez insisted it "would not be understood" were Zapatero not to travel to the island in the near future.

While in Madrid, FM Perez Roque confirmed his October 16 meeting with an EU delegation to formalize the beginning of an EU-Cuban dialogue and called for the elimination of the EU common position on Cuba. FM Moratinos said the GOS supported replacement of the "common position," renewed annually, with a "cooperation agreement" between Havana and the EU-27.

PSOE Vice Secretary General Jose Blanco traveled to Cuba November 6 to encourage Spanish businessmen to continue working in Cuba. Blanco met with Cuban FM Perez Roque, Cuban Communist Party Director of International Relations Fernando Ramirez, and First Vice President Jose Ramon Machado Ventura -- even though prior to his planned travel to the Democratic Party electoral party in Washington, PSOE sources had said no meetings with Cuban authorities or dissidents were planned. Blanco's official program included a dinner with 500 Spanish businessmen, visits to Spanish cooperation centers, and a meeting with the Archbishop of Havana.

**15. (C) Did the host country offer or deliver humanitarian or other assistance to the Cuban people in the wake of the major damage caused by Hurricanes Gustav (August 30) and Ike (September 8)?**

Spain announced August 21 that it would offer humanitarian aid to the authorities of countries affected by Tropical Storm Fay, including the Dominican Republic, Haiti and Cuba. The aid was to be expedited through the Spanish Agency for International Development (AECID) through its Humanitarian Logistic Center located in Panama.

The Spanish Development Agency planned to send planes September 5 and 6 to Haiti and to the people of Pinar del Rio, Cuba, carrying humanitarian supplies for those affected by the hurricanes. Spain delivered 21 tons worth of humanitarian aid ) including food, tents, and water sanitation equipment ) by plane on September 16. Cuba accepted offers of assistance from Spain and Belgium, the only two EU countries with normalized relations. The Spanish press reported the Cuban government's request that the United

States lift sanctions for the next six months, along with Commerce Secretary Gutierrez's assistance offer.

The European Commission and Cuba agreed October 23 to resume cooperation and issued a joint declaration establishing a guiding development framework. The EU may allocate between 20 and 25 million euros to areas for potential cooperation including the environment, science and technology, commerce, cultural exchanges, and training to manage natural disasters. The EU planned separately to contribute an additional two million euros for reconstruction in the wake of Hurricanes Ike and Gustav.

Secretary of State for International Cooperation Soraya Rodriguez and Spanish Agency for International Development Cooperation (AECID) Director Juan Pablo de Laiglesia went to Cuba in October to work out the details of additional hurricane assistance. The GOS delegation met with Cuban FM Perez Roque and Communist Party officials as well as NGOs and Spanish partners. Rodriguez and Cuban Vice Minister of Foreign Investment and Economic Cooperation Ricardo Guerrero agreed on a three-part plan that acknowledged the 488,000 Euros in humanitarian assistance provided by Spain in September and October; provided shelter to those who have lost their homes (at a cost of 2.27 million Euros); and repaired damaged infrastructure (21.7 million Euros).

¶6. (C) What is the nature of investments (and names, if known) that host country businesses have in Cuba? What host country businesses participated in the Havana Trade Fair (November 3)?

Information on Spanish foreign investment in Cuba is limited, in part because Spanish companies avoid publishing such data and the Spanish government does not provide detailed information. Spain's Ministry of Economy and Finance reports that between 1995 and 2007, Spanish investment in Cuba amounted to roughly 4.7 billion euros, or approximately 6 billion dollars. The Ministry reports that in 2007, Spanish companies invested 4 million euros. Figures for 2008 are not yet available. Spain is among the countries with the largest economic presence in Cuba and leads the rankings in investment projects. Tourism, electricity, and small machinery (and, until recently, tobacco) make up the bulk of Spanish investment in Cuba. Nine of the twelve foreign companies that invest in Cuba's tourism sector are Spanish.

Following is a list of Spanish companies present in Cuba, organized by sector:

**Tourism:** Globalia Hoteles, Sol Melia, NH Hoteles, Marsans Group, Iberostar Group, Barcelo, Occidental, and RIU. Sol Melia owns and operates 24 hotels in Cuba. Barcelo has plans to open five new hotels in Cuba between now and 2010.

**Financial Sector:** BBVA, Banco Sabadell, Caja de Ahorros del Mediterraneo, and Caja Madrid. (These institutions have small representative offices that presumably do mostly trade finance.)

**Energy and other utilities:** Repsol YPF, Aguas de Barcelona, Endesa, and Iberdrola.

**Tobacco:** Altadis (formerly Tabacalera, S.A.) is a major investor in tobacco, cigars, and food and beverages, but was acquired by UK-based Imperial Tobacco on January 25, 2008.

**Airlines:** Iberia

**Dairy:** Penasanta, S.A.

**Note:** In terms of actual money invested, the overwhelming majority comes from the tourism companies and the erstwhile Spanish tobacco firm, Altadis. Repsol does some exploration work in Cuba, and the other companies mentioned have representative offices.

Spain was one of the countries with the largest participation in the November 2008 Havana Trade Fair; however, post does not have a list of participating companies.

¶7. (C) Are there any bilateral trade agreements or other cooperative agreements between host country and Cuba?

Agreement between the Kingdom of Spain and the Republic of Cuba on Air Transportation, signed in Havana, April 22, 2005. See Boletin Oficial de Espana (BOE - Spain's equivalent of the Federal Register) of September 6, 2006 - Section 1.

Agreement between the Kingdom of Spain and the Republic of Cuba on Mutual Customs Assistance, signed in Havana, August 8, 2001. See BOE of March 17, 2003 - Section 1.

Agreement on Economic and Industrial Cooperation between the Republic of Cuba and the Kingdom of Spain, signed in Madrid on October 3, 1985. See BOE of February 13, 1986.

Agreement between the Kingdom of Spain and the Republic of Cuba on the Promotion and Protection of Investment, signed in Havana on May 27, 1994. See BOE of October 6, 2000 - Section

¶11. Convention between the Kingdom of Spain and the Republic of Cuba to avoid double taxation and prevent tax evasion on income and assets; and Protocol, signed in Madrid February 3,

¶1999. See BOE of January 10, 2001 ) Section I.

Complementary Agreement on Tourism, signed in Havana on September 10, 1978. See BOE of March 2, 1987 - Section 1.

Complementary Agreement to the September 10, 1978 Basic Convention between the Kingdom of Spain and the Republic of Cuba on Scientific and Technical Cooperation, November 19,

¶1984. See BOE of March 2, 1987, Section I.

Note: Spain is Cuba's third largest trading partner and has the largest number of joint ventures within Cuba, mostly involving small and medium-sized Spanish companies and concentrated in the tourism and light industry sectors.

Spain exported euros 668 million worth of goods and services to Cuba in 2007, up from 629 million euros in 2006. Spain's exports to Cuba between January and September 2008 totaled 560 million euros. Spain imported goods and services from Cuba worth 143 million euros in 2007, only about three million more than in 2006. Spain imported an additional 108.7 million euros worth of goods and services between January and September 2008. Spain exports mostly mechanical and electrical equipment, appliances, hotel equipment, construction equipment, automotive spare parts, chemicals and foodstuffs. Spain imports mostly tobacco, liquor and fresh fish from Cuba. The strong Spanish export performance in Cuba is somewhat surprising as Spain's official export credit agency (CESCE) does not guarantee export credits to Cuba. During 2007, there were discussions about resuming export credit guarantees, but that would first require a debt agreement between Spain and Cuba. Thus far, post is not aware such an agreement has been reached. There is an active Hispano-Cuban Business Committee that promotes trade between the two countries.

¶8. (C) Are there any exchange programs between host country and Cuba, including but not limited to: scholarships for host country nationals to study in Cuba; Cuban-paid medical travel for host country nationals; and Cuban doctors working in host country? Post is not aware of any such exchange programs.

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